



Lean 6-Sigma Program



Contracting Requirements Quality Assurance Improvement Project

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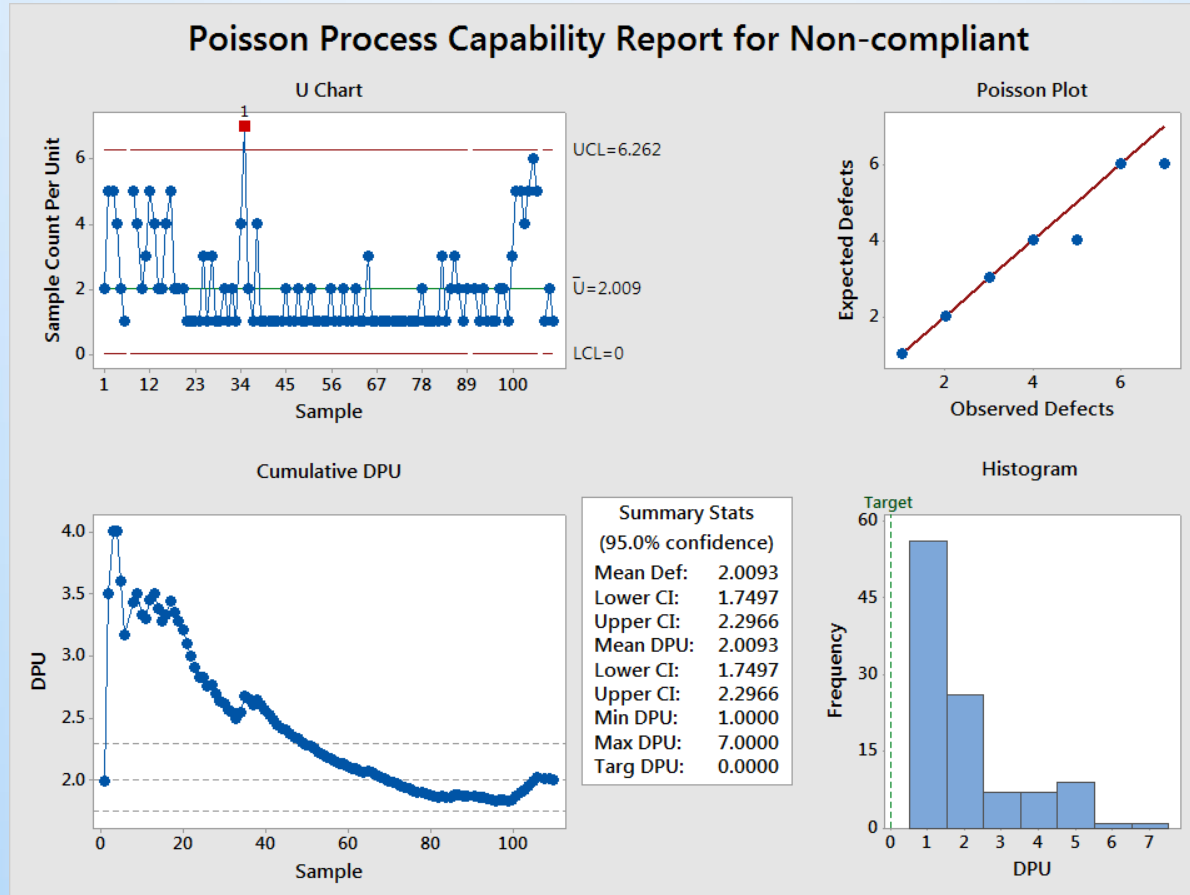


Contracting Requirements Quality Assurance Improvement Project

- ❖ **Problem Statement:** CalPERS contracts are not in 100% compliance with all internal and external rules, regulations, and policies
- ❖ **Objective:** Reduce average number of non-compliances per contract
- ❖ **Project Team:**
 - ❖ *Kelly Pope – Process owner and SME*
 - ❖ *Janell Bonilla – Compliance*
 - ❖ *Nate Boone – SME*
 - ❖ *Justin Heeb – SME*
 - ❖ *Carla Goodall – SME*
 - ❖ *Iris Walker – SME*
 - ❖ *Yazmin Meza – SME*
 - ❖ *Melissa Cisneros – SME*
 - ❖ *Allison Belden – SME*
 - ❖ *Lynette Hall – SME*
 - ❖ *Stephanie Chau - SME*

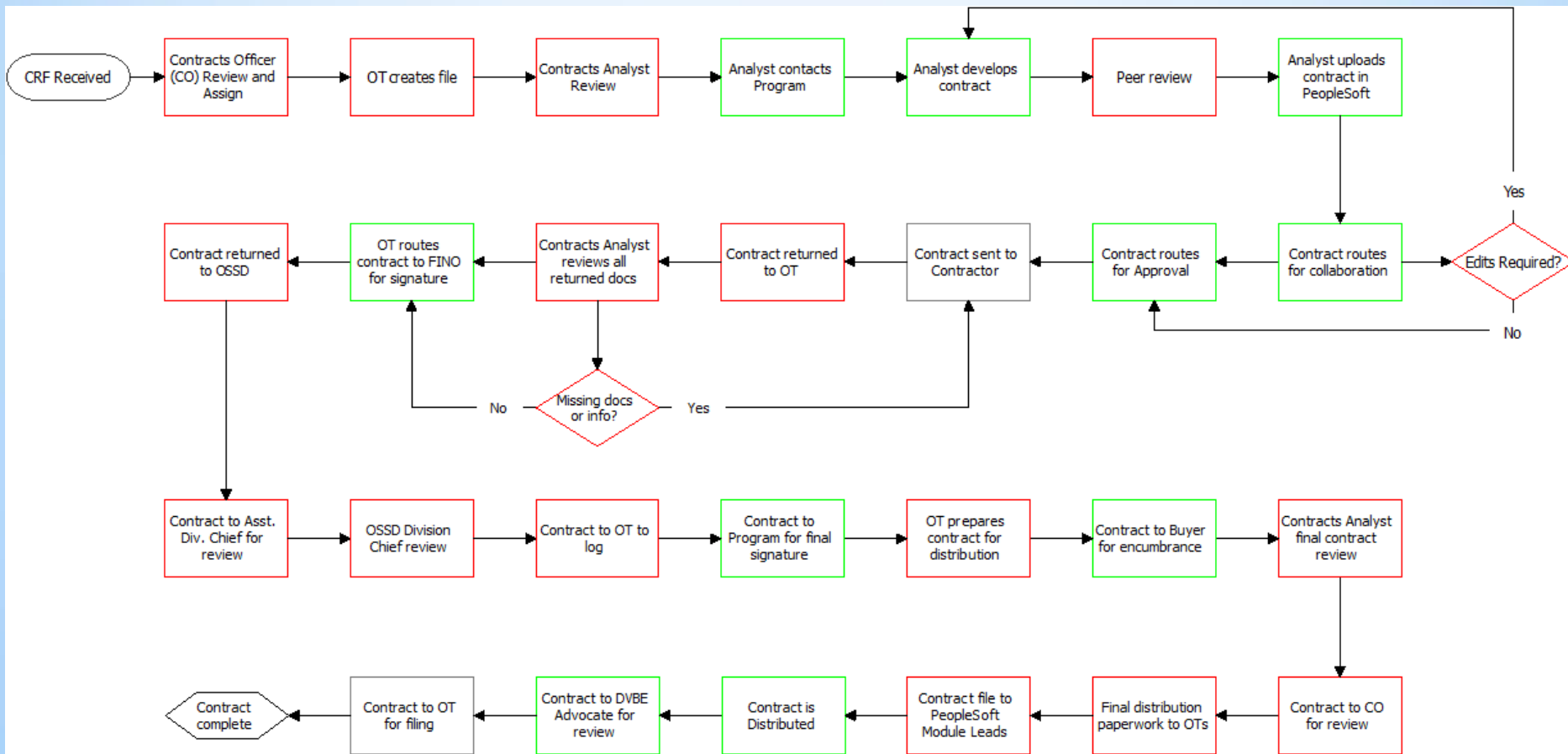


Baseline Capability



❖ Currently averaging 2.03 non-compliances per contract

Initial Process Map

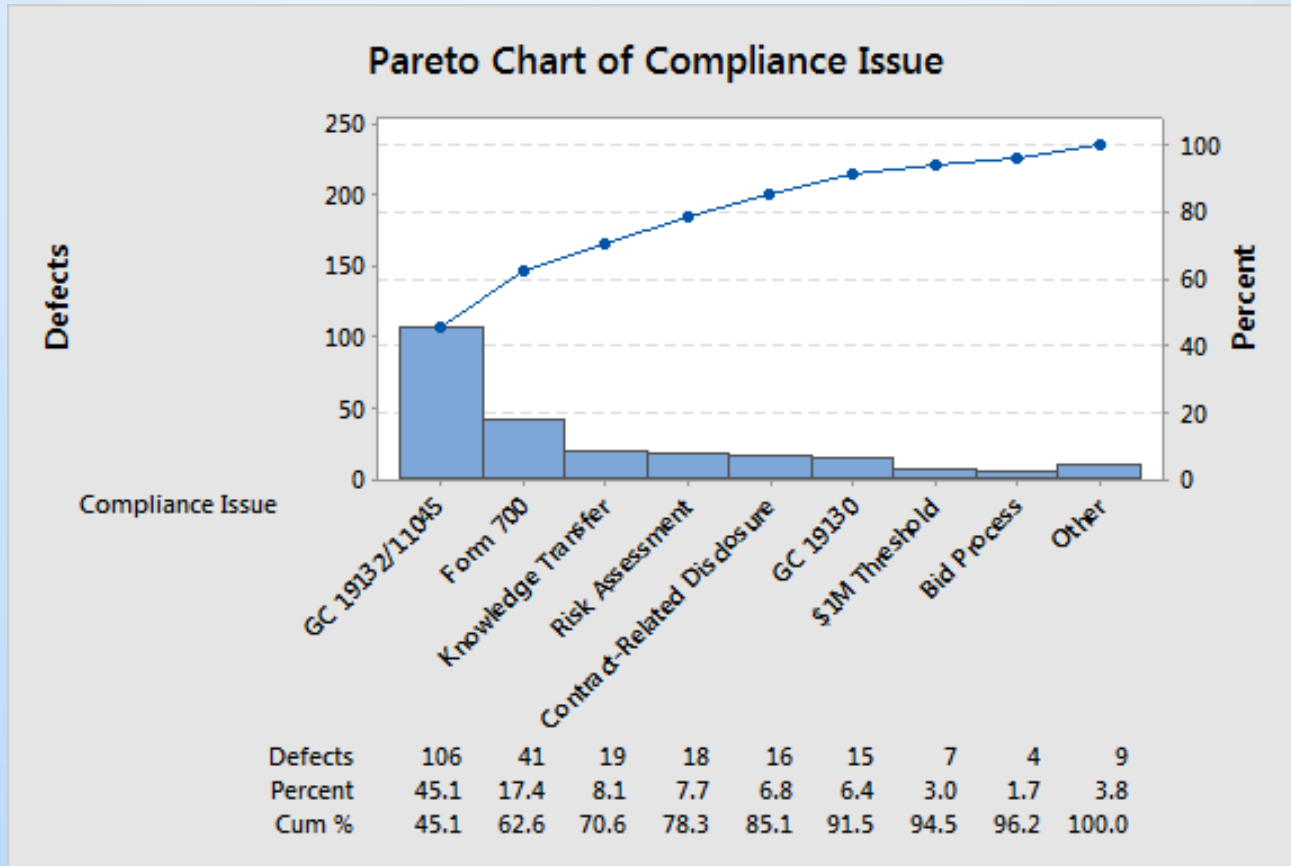


- ❖ Non-Value Add steps include multiple levels of review, approvals, and quality assurance checks.

Analysis Tools

- ❖ Re-analyzed data as a group
- ❖ Poisson Capability Analysis
- ❖ Pareto Chart
- ❖ Staff Survey
- ❖ One-Way ANOVA on non-compliances vs. contract type, requesting division, and Contracts Officer
- ❖ FMEA
- ❖ Critical Xs

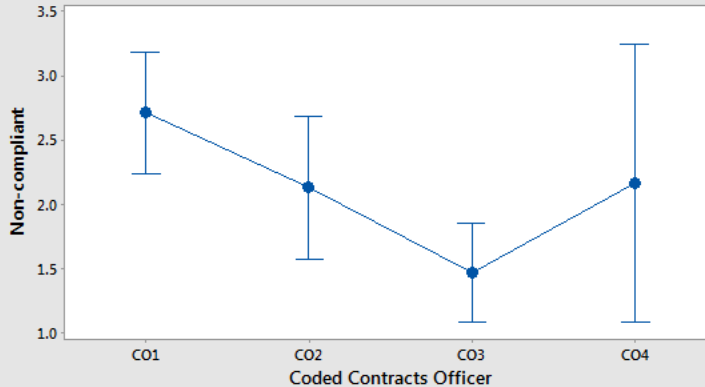
Key Analytical Finding 1



- ❖ Greatest number of non-compliances (defects) is found with union notifications (GC 19132 and 11045)

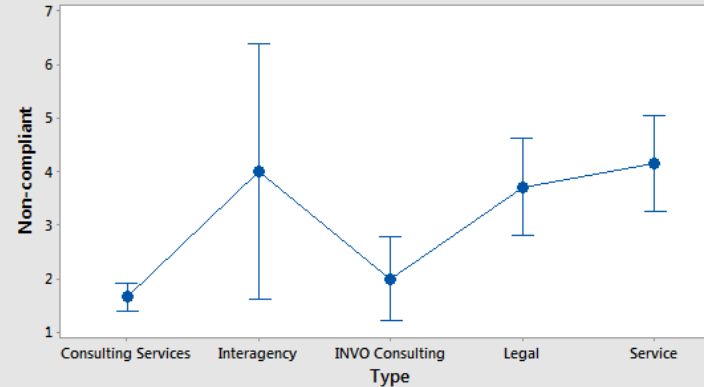
Key Analytical Finding 2

Interval Plot of Non-compliant vs Coded Contracts Officer
95% CI for the Mean



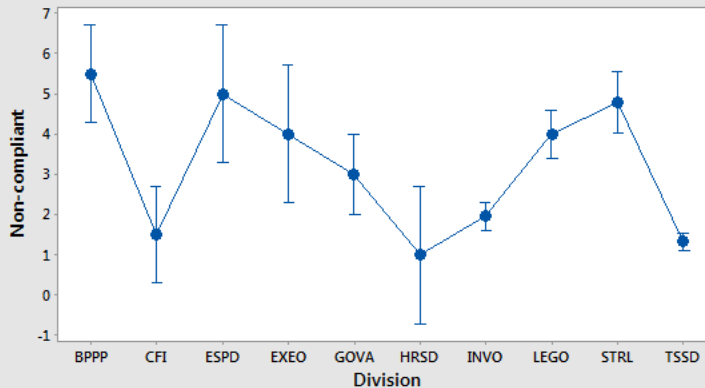
The pooled standard deviation is used to calculate the intervals.

Interval Plot of Non-compliant vs Type
95% CI for the Mean



The pooled standard deviation is used to calculate the intervals.

Interval Plot of Non-compliant vs Division
95% CI for the Mean



The pooled standard deviation is used to calculate the intervals.

- ❖ Comparisons of the number of non-compliances vs.
 - ❖ Contracts Officer
 - ❖ Contract Type
 - ❖ Requesting Division
- ❖ There IS a significant difference in all three comparisons

Critical X's (root causes of problems)

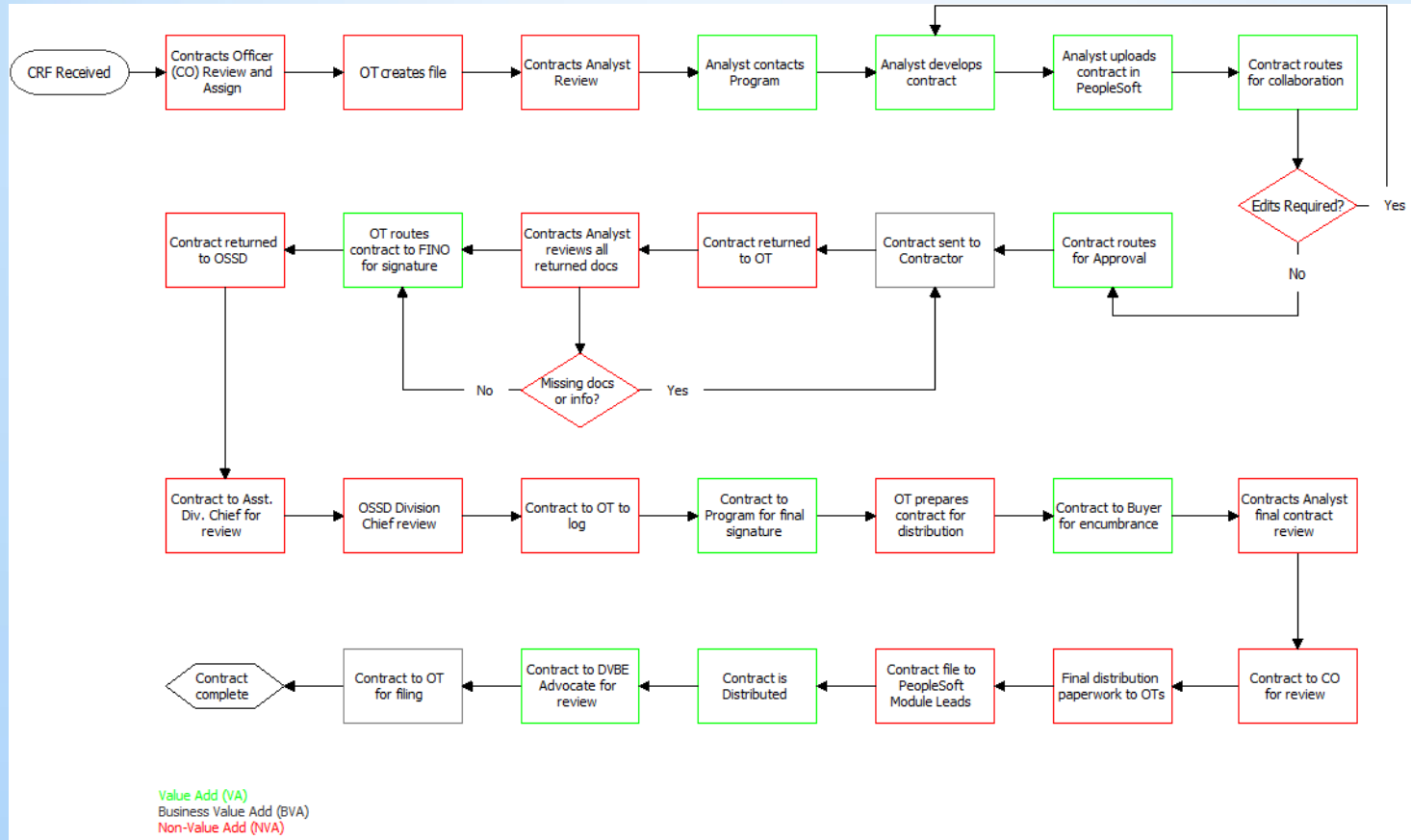
- ❖ Incomplete, missing, and/or incorrect contract documents
 - ❖ Occurs at two stages in the process
 - ❖ Leading cause of non-compliances
- ❖ Incomplete or inaccurate PeopleSoft data entry and document(s) upload
 - ❖ Occurs at two stages in the process
 - ❖ Leads to incorrect documents being sent to Contractor
 - ❖ Causes reporting issues

Improvement Techniques

- ❖ Create a new, phased checklist
- ❖ Create a core training group and training program
- ❖ Provide samples of completed forms and templates to Program
- ❖ Reorganize the contract file format
- ❖ Develop electronic Contract Request Form with an approval workflow
- ❖ Determine standards for specific contract types (Conference Facilities, Legal, Interagency Agreements)

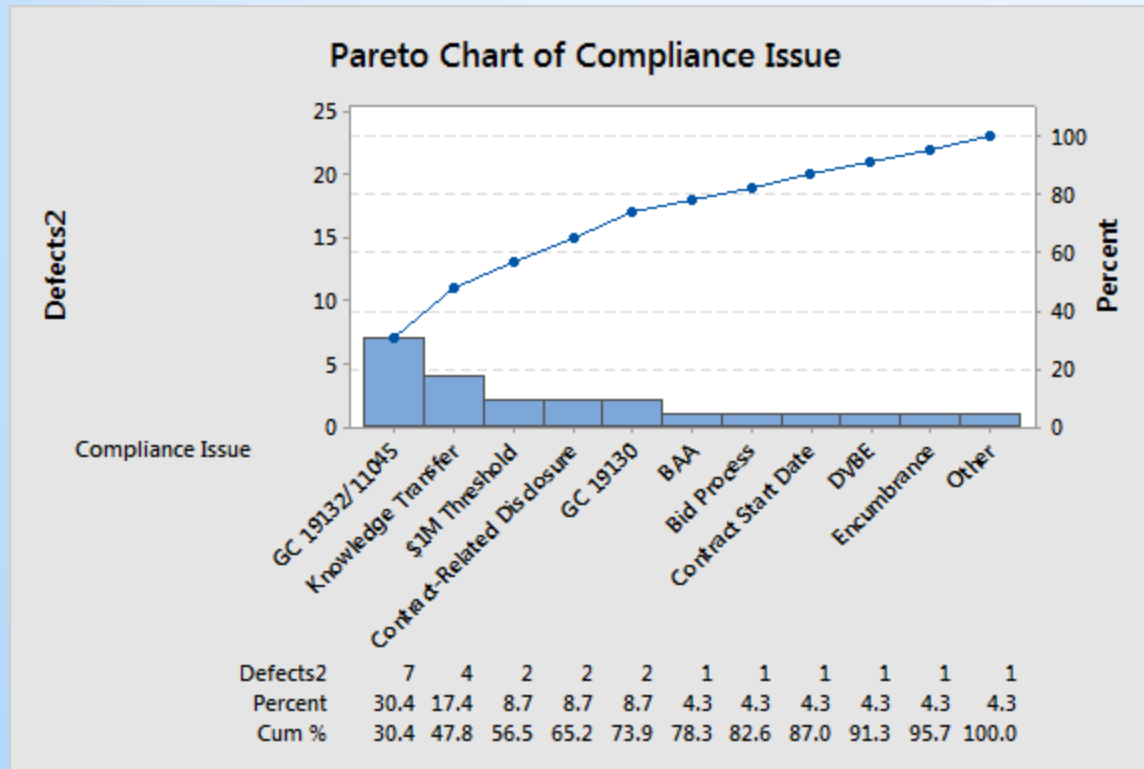


New Process Map



❖ Eliminated review step that was not adding value

New Capability Analysis



- ❖ Expect significant reduction in number of non-compliances
- ❖ Expect decrease in defects per contract to be < 0.2

Control Plan

- ❖ Regularly scheduled audits
- ❖ Visual Management (U-chart) display
 - ❖ Graphical representation of results
- ❖ Training
 - ❖ Training program for new staff
 - ❖ Ongoing training for existing staff

Additional Benefits

- ❖ Increased productivity due to standardization of processes
- ❖ Increased knowledge of contracting requirements
 - ❖ When
 - ❖ Why
 - ❖ How
- ❖ Improved staff morale
- ❖ Regular measurement – ensures quality and predictive outcomes
- ❖ Reduced risk of non-compliances

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